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House of Representatives

The House was not in session today. Its next meeting will be held on Tuesday, November 28, 1995, at 12:30 p.m.

Senate

MONDAY, NOVEMBER 27, 1995

The Senate met at 1 p.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, we return to our work today after the Thanksgiving holiday with a glow of gratitude. Thanksgiving is the memory of the heart. It gives us an opportunity to count our manifold blessings as individuals and as a nation and humbly thank You for all You have done for us. As we have looked back over the past with gratitude, and then looked up to You with praise, now we are ready to look forward with hope.

We press on with renewed hope for the debate over crucial issues before us. We know that if we trust You and proceed with honest exchange and civility, You will help us succeed together.

Make us so secure in Your love that our egos will not get in the way; grant us Your power so we will not need to manipulate in a power struggle; free us from secondary loyalties so we can focus as our primary concern the future of our Nation. Thank You for the strength and vitality that surges within us when we reaffirm that living each day as if it were our only day makes for a total life lived at full potential. In the name of our Lord. Amen.

MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning

business not to extend beyond the hour of 3 p.m., with Senators permitted to speak therein for not to exceed 10 minutes each.

Mr. FRIST addressed the Chair.

The PRESIDENT pro tempore. The able Senator from Tennessee is recognized.

Mr. FRIST. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. FRIST). Without objection, it is so ordered.

THE FARM BILL

Mr. DORGAN. Mr. President, I wanted to visit today about the subject of NAFTA, the North American Free-Trade Agreement, and some legislation introduced in the Senate on that subject. Before I do that, I would like to make a quick point about the so-called farm bill.

It is my hope that in the week ahead and in the next several weeks, as the Congress deals with the reconciliation bill, the leaders of both sides and the President will insist that the farm bill be taken out of the reconciliation bill. It is, in my judgment, unfair to farmers to have thrown the farm bill into the reconciliation bill. It needs to be considered on its own, its own merits, with hearings, and in a thoughtful way. The decision about what kind of a long-

term farm program this country has is not a decision that ought to be made on the spur of the moment by throwing something into the reconciliation bill.

I do hope in the next week or so, as we negotiate through a reconciliation bill, that all sides will agree that if they have to get budget savings from the agricultural side, that is fine, but the farm bill ought to be separated out, debated separately, and considered on its own merits.

NORTH AMERICAN FREE-TRADE AGREEMENT [NAFTA]

Mr. DORGAN. Mr. President, a week ago Friday, just prior to the recess, I introduced in the Senate, along with the cosponsors, Senator BYRD from West Virginia, Senator CAMPBELL from Colorado, and Senator HEFLIN from Alabama, a piece of legislation called the NAFTA Accountability Act. I want to talk briefly about that this morning. I understand that the Senator from West Virginia, Senator BYRD, will come to the floor and also provide some discussion about it.

Not many people know what NAFTA is. It is an acronym that describes the North American Free-Trade Agreement. Not many people know much about it or much about how it affects them, their lives, or their jobs. But it is a significant piece of trade legislation that had its 2-year anniversary, or second birthday, about a week or so ago.

It is time for the Congress, when you pass legislation like NAFTA, to stop and assess its impact and decide whether it did what it was advertised to do.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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A week ago today I drove to the Canadian border, a border town named Portal, ND, between North Dakota and Canada, along with some farmers. One of the farmers, Earl Jensen and his wife, brought along a 1984 orange International grain truck with 240 bushels of hard red spring wheat, and we drove to the Canadian border last Monday.

A number of other farmers came along and they brought some durable goods, dry goods, clothes, a clothes washer, several cases of beer, and some other products to try to understand what you could get into Canada under this North American Free-Trade Agreement.

All the way to the border that morning we were meeting these semitrucks, double tandem semitrucks, filled with Canadian grain, coming south. We knew they were filled with grain because as they came south—and there was a pretty good wind—the grain came up against the windshield as these huge semitrucks came whipping on by us going south.

We arrived at the Canadian border and Earl drove up with his orange truck filled with 240 bushels of hard red spring wheat and told the Canadian Customs that he was going to take the truckload of United States wheat to Canada to sell at a country elevator.

We know that millions and millions of bushels of Canadian wheat are coming across our border, coming south, truckloads, every single day. But Earl was stopped at the border and told, "You cannot take that wheat into Canada. You must have an end use certificate."

Well, Earl Jensen and his wife sat in his little orange truck. They did not have an end use certificate. It turns out you have to get one from Canada. If you apply, you cannot get one because you cannot sell grain at a country elevator in Canada because you are hauling United States grain.

The fact is millions of bushels of wheat pour south from Canada into the United States, and Earl Jensen and his wife cannot drive north to Canada with 240 bushels of hard red spring wheat.

Why is that important? It demonstrates the problem of unfair trade on the border. A fellow who brought three cases of beer felt, because there was a flood of barley coming south, you can turn barley into beer and take the beer back in cases. He learned you cannot take three cases, you can take one, and if you stay more than 24 hours you have to pay duty, \$12.50 duty, on a case. Another fellow discovered the combined duty was over 20 percent for his products.

Why do I take time to describe this? We have problems on the border. We have a free-trade agreement with Mexico and Canada that is fundamentally unfair to our country. It is called NAFTA.

I want to describe what has happened in our own country with the trade deficits. I know you might think this chart is upside down, but it is not. The red

represents trade deficits. You can see in this country we had trade surpluses through a series of trade acts, and then we had the Trade Reform Act in 1974, Tokyo round, the Uruguay round, NAFTA, and now GATT.

Look what has happened. We will have a larger merchandise trade deficit in this country than a fiscal policy deficit. There is a lot of nail biting and wrist wringing about the fiscal policies deficit, and there should be. The budget deficit is a serious problem. But the trade deficit is larger and a more serious problem for this country.

What has happened with respect to Canada and Mexico? Well, we have a trade deficit with Mexico now as a result of NAFTA, or at least partly as a result of NAFTA. Prior to negotiating a trade agreement with Mexico and with Canada, we had decent trade numbers with Mexico. We had nearly a \$2 billion surplus.

Now, 2 years later, after 2 years of the trade agreement with Mexico, we will probably have—this says \$15 billion; it is probably a \$16 to \$18 billion deficit. Let me say that again: We will have gone from a \$2 billion surplus to a \$16 to \$18 billion deficit after 2 years of a new trade agreement with Mexico.

The situation is similar with Canada. There we started with a deficit. Now that deficit is nearly going to double. Some of us believe that this country ought not continue to get taken advantage of and get the short end of the stick on trade issues.

I mentioned the Canadian problems. At least from the standpoint of someone who represents a rural State, the major problems are agricultural. A flood of grain is coming into our country, undercutting price, undercutting our family farmers. Yet, you cannot get one little orange truck across the border going north with 240 bushels of grain. That is the fundamental unfairness of the situation at our border up north with respect to grain.

What is the circumstance at the border down south? What we have down south, as one Presidential aspirant described it a couple years ago, is a giant sucking sound of American jobs heading south. There is no disagreement about the impact of the deficit that we now have with Mexico. It means wholesale movement of American jobs to Mexico.

We have introduced legislation in the Congress called the NAFTA Accountability Act. It was introduced in the House and the Senate as of a week and a half ago. It has, I believe, 32 original cosponsors in the House. We have four in the Senate and we intend to add to that.

We say we want a couple of things to happen. We want to set a date for withdrawal from NAFTA unless certain conditions are met. If NAFTA is fixed and the conditions are met, that is fine. If it is not, we should withdraw from this trade agreement.

We do not need a trade agreement that someone calls free that is not fair

to our country. That is the circumstance we have now.

At least we should require some balance in trade. Should we have a \$30 to \$35 billion trade deficit with our two neighbors? Of course not. We also have big problems with Japan and China and others. I understand that. But a trade agreement as a result of the Canadian Free-Trade Agreement and the North American Free-Trade Agreement that leaves us with \$30 to \$35 billion combined deficit, is that in our country's interest? Of course not. We ought to change it.

Our Accountability Act also deals with trade deficits. There ought to be some balance. When that balance is thwarted, then you ought to decide to kick in some measures, tariffs if necessary, to come to some sort of balance in trade between our countries.

We ought to deal with currency exchange rates. When you negotiate away a 10-percent tariff with Mexico and then you have a 40-percent change in the value of the peso, what have you done? What you have done is injured the interests of the United States.

We would provide for some remedy to the agricultural trade distortions. We would also require the certification of progress in a range of other areas. There are eight conditions all told.

Let me describe why a number of us have decided to offer this legislation. When NAFTA was debated in the Congress, here was the promise: The promise was more than 220,000 new American jobs.

Well, we had economist after economist around this country doing work for the business groups, the Clinton administration and others, who wanted this to be passed in the Congress. They all made these wild-eyed promises about all these new jobs in our country.

Well, take a look at what has happened. It is projected this year not that we will have 220,000 more jobs in our country but that, in fact, we will have lost about 220,000 jobs as a result of NAFTA.

Let me show you one of the promises. One of the leading studies that was done was a study called the Hufbauer-Schotts study, and everyone used it in the House of Representatives and Senate in debate. Mr. Hufbauer, the study's economist, said there would be 130,000 new additional jobs in 5 years in the United States. That was the promise.

Here is the reality. The same fellow who made that promise of 130,000 new jobs in the United States, now says in April of this year, 1½ years later, "The best figure for the jobs effect of NAFTA is approximately zero. The lesson for me is to stay away from job forecasting." Gary Hufbauer, Wall Street Journal, April 17.

There is an update, October 26: "The surging trade deficit with Mexico has cost the United States 225,000 jobs."

I ask unanimous consent for 4 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. The same fellow who predicted massive quantities of new American jobs with this trade agreement is now saying not only has that not happened, but the trade deficit with Mexico has cost us 225,000 jobs.

You have seen some of the press stories in this country about what is happening. Fruit of the Loom is closing six plants, laying off 3,200 workers. Where are many of the jobs going? To low-wage countries, including Mexico. That is what NAFTA has been—an opportunity, a magnet, for jobs that used to be here but now go there.

Tri-Con Industries is moving its car seatcover plant, 200 jobs, to Mexico. Ditto Apparel, Colfax, LA, lays off 215 workers. Says the fellow from Ditto Apparel, "I'm telling you, NAFTA and GATT are the nails that are going to be in the coffin of the apparel industry in this country." They are laying off 215 workers.

I wanted to show my colleagues, in the RECORD today, what has happened just with automobiles, because we were told that any jobs that would go to Mexico as a result of the agreement would be low-skilled low-wage jobs. The fact is different. Take a look at automobiles. Our deficit with Mexico is from automobile parts, electronics, electronic parts. This is the result of high-skilled jobs that used to be in this country. Take a look at automobiles. This is an example of what you read in the papers that leads people to the wrong conclusion.

In 1993, just before NAFTA, we exported nearly 3,000 cars from the United States to Mexico. Now we export nearly 18,000 cars from the United States to Mexico. If you simply read that figure, people would say look, we have gone from 3,000 automobiles manufactured in the United States, exported to Mexico, to 18,000. That is a sixfold increase. How on earth can you describe that as anything but progress?

Let me show you the rest of the story. The imports of automobiles made in Mexico to the United States, sent to the United States, has gone from 237,000 to 405,000. So, what you see is a nearly 180,000 increase in automobiles manufactured in Mexico, sent into our market to displace automobiles that used to be made here. That is the rest of the story. The story on automobiles is a dismal story of failure, of jobs leaving America, going to Mexico.

We have introduced legislation in the Congress, not because we do not value our relationship with our neighbors, not because we believe there should never be free trade agreements, but because many of us believe our trade agreements have undermined the American economy, have actually created conditions that attract American jobs to go elsewhere, have set up circumstances to weaken the American manufacturing job base. We do not think that is in this country's interests.

One can hardly look at the graphs that I have shown today, especially this chart, the chart of what has happened in American trade, that shows an alarming trend of ever-increasing deficits, sufficient so that in this year the merchandise trade deficit in this country will exceed the budget deficit in fiscal policy. We are going to talk a lot about the deficit, and we should. But we also want to talk a lot about this red ink. This is red ink that can only be repaid by a lower standard of living in this country.

You can make a case—not a very good one, in my judgment—that the fiscal policy budget deficit is money we owe to ourselves. Because the debt is so unequally distributed that is probably an unfair comparison. But, you cannot make the case with the trade deficit that is money we owe to ourselves. It is not. It is money we owe to others, others who live outside of our country, and which will be repaid, inevitably, through a lower standard of living in our country.

That is why this is a crisis. There are many other areas of trade we must deal with—China, Japan—to mention a few. But NAFTA, the most recent trade agreement has now resulted in a circumstance where we are being smothered with a combined trade deficit with our two closest neighbors. It does not make any sense. Our country ought to insist on trade policies with other countries that are fair.

When I speak of this and when others on the floor of the Senate speak of this, immediately the editorial writers and others call us xenophobes and isolationists and folks who want to build walls of protection around our country. Not at all.

I want our country to be able to compete. I want our businesses to be lean and able to compete all around the world. But I want the competition to be fair. I do not want someone who starts a factory in South Carolina or North Dakota or Colorado or New York to have to compete against someone else who has a factory in Malaysia or Indonesia that is hiring 14-year-olds, paying them 14 cents an hour, working them 14 hours a day. That is not fair competition and it is not competition we should aspire to be involved in.

The same is true with respect to Mexico. I do not expect our producers and our workers in our country to be able to compete against a country that devalues its currency by 40 percent, that has substantially different enforcement on air and water pollution, substantially different enforcement on the hiring of children, a substantially different wage base than ours, where the minimum wage is so much below that in the United States. I do not expect that is fair competition for any producer in our country.

I want our trade agreements to stand up for the economic interests of our country. I just do not want trade agreements any longer to be negotiated with other countries in which we do not re-

quire that the rules of trade, the rules of exchange between our countries be fair. When we fail to require that circumstance, then in my judgment we weaken our country.

When Earl Jensen and his wife, in a little orange truck, drove to the Canadian border a week ago today, I watched the Canadians at the Canadian customs say to Earl and his wife, "You cannot bring 240 bushels of hard red spring wheat into Canada," despite the fact I have seen truckload after truckload of Canadian wheat come into our country, Earl and his wife have every right to be upset about a trade agreement that is unfair.

When you go to the southern border of our country and you see a company that can hardly afford not to move its manufacturing plant to Mexico because of lower wages, because of less strenuous enforcement of pollution standards and child labor standards, you understand what has happened on the southern border is unfair as well—unfair to the American workers and unfair to the American manufacturers who stay here.

We must, it seems to me, ask Republican and Democratic administrations, each of them, when they negotiate trade agreements, to stand up, finally, for the economic interests and the economic well-being of our country; not to protect us against real competition, but neither should they subject us to unfair competition that we cannot possibly expect to win.

That is the reason a number of us have introduced legislation, hoping it will lead to a thoughtful debate about the values of the North American Free-Trade Agreement. We think it needs to be changed because we think it does not at this point represent the best interests of our country.

Changing it does not mean we do not believe in freer trade or we do not believe in expanded or open trade. It simply means we believe there ought to be required fair trade rules between countries with which we are engaged in day-to-day commerce and exchange.

As I indicated, Senator BYRD from West Virginia will, I believe, today be making some comments about this legislation. We will be, now, circulating among the Members of the Senate, a "Dear Colleague," seeking cosponsors. There are four of us, Republicans and Democrats, who have introduced this legislation and we hope for bipartisan support of this legislation so we can have a thoughtful trade debate in the months and the years ahead.

I would like to make one additional comment. I introduced an amendment a couple of weeks ago, that was defeated on the floor of the Senate. I am going to introduce it again at some point, I feel so strongly about it. We not only have trade rules that are so unfair, we have a tax law, a tiny little thing, that says to companies: If you close your manufacturing plant in America and move that plant and its jobs to a tax haven country and then

make the same product and ship it back to America, we will give you a tax break. It is called deferral.

The company that stays here and makes a profit, pays income taxes. The company that leaves here, makes the same product and makes a profit and ships it back here, pays no taxes unless they repatriate the profit. As long as they keep the profit in that foreign plant, they never pay taxes in the United States. That is a loophole that ought to go, a loophole that says if you move jobs outside the country we will give you a tax break. If we cannot close that tax break, we cannot ever close a tax break in the Internal Revenue Service Code.

Although I was unsuccessful in an amendment to close that loophole, I intend to offer it again in coming Congresses, during this Congress and the next Congress, in the hope that one day we can begin to change the laws, both taxes laws and trade laws, that I think augur against the interests of those who invest here, those who build manufacturing plants here, and, yes, those who work in those plants who expect us to have at least the rules of trade and the rules of the Tax Code be fair to American interests.

Mr. President, I thank the Senator from South Carolina for his indulgence, and I thank the Chair.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GREGG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GREGG. Are we in morning business, Mr. President?

The PRESIDING OFFICER. We are in morning business.

Mr. GREGG. I ask unanimous consent to proceed then as in morning business for a period of up to 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENDING AMERICAN SOLDIERS TO BOSNIA

Mr. GREGG. Mr. President, as the President tonight begins the process of trying to convince America that we should put American soldiers' lives at risk on the ground in Bosnia, I think it is appropriate to take a look at some of the other foreign policy activities of this administration in the terms of what they represented as being when they originally proposed it and what has occurred in reality.

Probably the most significant example of this administration presenting a policy in one form and having it executed in another form is today being seen in Haiti. When the President decided to go into Haiti—and he did this on a unilateral action, as much as his

policies in Bosnia so far have been unilateral—he stated to us that the purpose of this was to restore democracy, to put back in place the elected leader of a government that had been replaced by a military coup of sorts, and to allow the nation of Haiti to reestablish economic strength and have the capacity to pursue a peaceful and democratic and economically prosperous future.

He told us that our troops would be there briefly and that the cost would not be excessive. I think we need, however, now to take a look at what has actually happened in Haiti, whether or not the policies of the administration as represented have actually come to pass.

First, let us look at the issue of who they have put back in power in Haiti, Mr. Aristide. Has Mr. Aristide turned out to be a democratic individual? I think it would be hard to put that identification on him. He has been an individual who has had a history of being violently anti-American, of being a proponent of Marxist philosophy, of being an individual who has historically proposed the use of violence against his political enemies.

Did he change his way when he was put in as President by us as a nation, using our military? It does not appear he has. In a meeting which took place—it was not a meeting, it was a ceremony of mourning for a person who had been unfortunately killed by violence in Haiti—about a week and half ago, Mr. Aristide called on his supporters to use violence. This is the President of the country, someone who has been put in place by American forces, someone who is protected by American soldiers, calling for the use of violence against the citizens of his country, mob violence against the citizens of his country.

As might be expected, the people of Haiti responded to this call from their President for mob violence with mob violence. It is estimated that many people died, maybe as many as 11; homes were burned, looting occurred, and the streets were on fire. The words that he used to counsel this violence were reported as being, "Go to the neighborhoods where there are big houses and heavy weapons, and retaliate against the big men," inciting the mob to violence. That is the leadership of the individual who we have put the American imprimatur of authority on, who this White House has chosen as their leader in Haiti.

Has he also accepted the fact that elections should occur in December? We are not sure of that. In another recent meeting just a few days ago, there was a nonbinding resolution put forward by his supporters which called on him to remain in office beyond the election for another 3 years. Such action would be inconsistent with, should he undertake it, the constitution, which he is allegedly functioning under in Haiti, which says he cannot succeed himself, and his term is up in February.

What was his response to that nonbinding resolution which was put forward by his own people and which you have to presume he laid a hand in authoring, at least his people did, with his countenance? He said to the delegates, "If you want me for 3 years, I will walk with you. I think what you think," a pretty clear statement that he has no great interest in the elective process or in his own Constitution, which he is allegedly sworn to support.

In addition, of course, the election, which is coming up on December 17, is a fraud and has been made so by President Aristide's party. Four of the five opposition parties have decided not to participate. We know that it is going to essentially be a nonelection election, the purpose of which will be simply a ballot-box-stuffing event for the confirmation of the Aristide party.

The opposition parties have been crushed both through mob violence and through use of a controlled press, and there is very little in the form of what anyone would arguably call democracy occurring in Haiti today. And at what price has this occurred to the American taxpayers and American military?

First off, as I said, we have used our military to basically prop up a dictator in Mr. Aristide. In doing that, we have undermined, in my own estimation, the credibility of American military force, which is not supposed to be used for the purposes of promoting dictatorships but clearly is.

In addition, it is costing us, the taxpayers of this country, approximately \$2.2 billion, or at least that is the best number we can estimate. I think personally that is low, but that is still a lot of money. And \$2.2 billion is all the taxes that are paid by the folks that I represent in New Hampshire in any given year. Somehow I think those folks would have preferred to have their money go to better schools or better environment or better roads somewhere in our country, than to go into the coffers of Mr. Aristide in Haiti.

What has that \$2 billion purchased the people of Haiti? It has purchased them Mr. Aristide back in power, that is correct, but not a great deal more. In fact, as a result of the policies of this administration, we put in place sanctions, which was a mistake to begin with, as I said earlier, when they were put in place, sanctions which ended up terminating essentially the private sector in Haiti. The loss of jobs was dramatic; tens of thousands of jobs which were in the private sector which existed in Haiti were lost as a result of the sanctions.

Have we seen those jobs restored? Has there been a return to democracy, to a market economy in Haiti? Has there been any expansion of the private sector in Haiti? Marginal at best. In fact, Mr. Aristide, who prior to being put back in power as a celeb in residence of this administration when he was here in Georgetown, stated rather aggressively his views that he believed